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C O N F I D E N T I A L SEOUL 001361

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SUBJECT: SOHN HAK-KYU PLANS TRIP NORTH TO BOOST RATINGS

Classified By: Amb. Alexander Vershbow. Reasons 1.4 (b,d).

¶1. (C) SUMMARY: Former Gyeonggi Governor and presidential candidate Sohn Hak-kyu met with the Ambassador on May 7 to discuss his planned May 9-12 trip to North Korea, where he hopes to discuss his proposed 10-year reconstruction plan for the North. He hoped his visit would contribute to the development of better North-South and DPRK-U.S. relations. Sohn, who left the Grand National Party in March to form a new "political coalition" and run for president, said the next ROK president could contribute to peace on the Peninsula, lead attempts to form a peace regime, and even spearhead de facto economic unification of the two Koreas. He stressed the need for close cooperation between the ROK and the U.S. to accomplish any of this and agreed denuclearization must occur first. Sohn suggested that after the BDA issue was resolved, the ROK and the U.S. could work together to assuage North Korea's concerns on its access to international banks. Regarding the presidential elections, Sohn said he would form a political party in June, separate from the Uri Party and other progressives, but that in the fall, all the non-GNP candidates would merge and support a single candidate. END SUMMARY.

DETAILS OF PLANNED THE TRIP NORTH

¶2. (C) Over coffee with the Ambassador on May 7, Sohn said his planned May 9-12 trip to North Korea was at the North's invitation and arranged by a South Korean Buddhist monk. Also closely involved was former Minister of Culture Song Tae-hyun, who went to Kaesong in late April to arrange details of the visit and then met DPRK counterparts again in South Korea on May 1 during Labor Day festivities. Sohn has requested Yonhap reporters accompany him North, but so far the DPRK has not granted them permission to join the trip. Sohn claimed the DPRK was favorable toward him because of the rice farming project he instituted as Gyeonggi governor. When he visited as governor, he never requested meetings with high-level DPRK officials, which also worked in his favor. Sohn reminded the Ambassador that he cancelled his October 2005 trip to Pyongyang because he refused to attend the Arirang Festival celebration.

¶3. (C) Sohn said that for North-South relations to improve, close cooperation between the U.S. and the ROK was vital. One reason the Kim Dae-jung and Roh Moo-hyun governments did not advance inter-Korean relations further was due to lack of sincere cooperation and close dialogue with the U.S., Sohn

said. He hoped his trip would help North-South relations.

¶4. (C) During a meeting with a high-level former government official, the former official (NOTE: We presume this to be former President Kim Dae-jung. END NOTE) asked Sohn how much money he gave the North Koreans to arrange the trip. When he responded that he was not paying any money to arrange the trip, the former official was very surprised since almost all visits to the North by prominent South Koreans had been facilitated by gifts of cash.

¶5. (C) The Ambassador asked if Uri Lawmaker Kim Hyuk-kyu, who just returned from North Korea, had paid to go North. Sohn said he did not know and also noted Kim had inter-Korean economic projects to propose during his visit, so gifts may not have been necessary. Due to the nature of Sohn's planned visit, he would not be able to talk directly about the nuclear issue, but he would tell the North Koreans that they should act with more flexibility. Sohn would visit the rice project site he began as governor and would also talk about his proposed 10-year reconstruction project for North Korea. Sohn said his proposal was detailed and sincere and therefore the North would be interested in hearing further details.

MESSAGE TO THE NORTH KOREANS

¶6. (C) The Ambassador suggested that apart from urging flexibility, Sohn should tell the North Koreans that they should keep their promises, such as the 1992 promise to keep the Peninsula nuclear-free, and their commitments in the Six-Party Talks. The Ambassador, citing A/S Hill's recent speech in Washington, said that the U.S. was interested in a comprehensive solution to the North Korean problem during the remainder of President Bush's term in office that included establishment of a peace regime, economic support for the North Korean people, and normalized relations between the DPRK and the U.S. However, all of these goals depended upon North Korean denuclearization.

¶7. (C) Sohn said he was a long-term supporter of engagement and welcomed U.S. rapprochement with North Korea. The current "peace movement" could go no farther until there was an established peace system on the Peninsula. In the future, DPRK-U.S. normalization could contribute to the institution of a peace regime. Peace would lead ultimately to reform and opening of the North, Sohn asserted.

BDA

¶8. (C) Sohn asked for an update on the BDA case. The Ambassador said the U.S. had shown much patience on the BDA issue, and we hoped it would be resolved soon. While the North had stretched out the process of solving the BDA problem for several weeks, it was "time to get to work." Sohn asked if the USG could guarantee financial transactions for North Korea. The Ambassador stated that we were working on solving the specific problem of transferring the accounts in BDA. North Korea could only solve its larger financial issues by abiding by international banking rules. In agreeing to resolve BDA, the Ambassador emphasized, we did not agree to give a seal of approval to North Korean financial activities. Sohn agreed with the Ambassador that the USG was showing amazing patience on the BDA issue and said that after denuclearization, the U.S. and ROK should work together to solve North Korea's larger financial and international banking access problems.

PRESIDENTIAL ELECTION

¶9. (C) The Ambassador asked Sohn the status of his presidential campaign and new party formation. Sohn said that President Roh was helping his cause by drawing a clear

distinction in public statements between Uri Party politicians and him. Sohn said he had to form a new, centrist "political coalition" and had founded the Advancement and Peace Forum composed of scholars, artists, lawyers and doctors one week ago. A political party will follow in early June, he noted. Sohn said his message to traditional Uri Party politicians was that reorganization similar to the old political groupings based on regionalism would not work and that new politics were needed if the progressives were to have a chance in December.

¶10. (C) The Ambassador asked if Uri defectors were moving toward Sohn's camp or if there was a danger the progressive camp would fracture further. Sohn said that whatever happened, however many new parties were formed, the progressive parties and candidates would merge in the fall. Roh would form a party, Kim Han-gill would form a party (NOTE: Kim formed a party on May 7. END NOTE) and others could also form a party. All of these movements would help create a new political ground. If these developments give birth to new ideas and policies, people will support him, but if people don't see a clear vision for a better future from the new politics, the GNP would win. He added there was confusion in the GNP and it was not clear if the GNP could stay united until the election.

CHANGING PENINSULA

¶11. (C) The next ROK administration was very important, Sohn said, because U.S.-DPRK relations could change during the next administration -- normalization could occur and the region could move toward a peace regime. Also North Korea-China and North-South relations could develop significantly in the next five years. Since changes were coming, the ROKG and ROK businesses should be more involved in reconstructing North Korea. This process could help ROK businesses as well as the North Korean people, Sohn said. If this process went forward, there could be a de facto economic unification on the Peninsula in the near future.

¶12. (C) The Ambassador said the potential transformation of the region was exciting, but we could not forget the present situation. For any transformation to occur, denuclearization had to come first. This should be emphasized to North Korea at every opportunity. If North Korea can obtain rewards without denuclearizing, then the U.S. and the international community will lose leverage. Sohn agreed that the North should give up the thought they could obtain rewards without denuclearization. The Ambassador emphasized the U.S. could not have normal relations with a nuclear North Korea.

¶13. (C) Sohn said whoever the next president of Korea may be, he/she could not go against the "stream of peace" and would work toward a nuclear-free Peninsula. The process of denuclearization would also help South Korea-Japan relations.

The task for the next government was to cooperate with all the regional actors to strengthen peace. Sohn said he was proud he had supported the KORUS FTA from the beginning; agreements like the FTA would help peace in the region. Through coordination, the Peninsula can become an economic and political buffer zone in Northeast Asia against a rising China.

COMMENT

¶14. (C) Sohn remains a long shot to win the presidency, or even the progressive candidacy. Although he remains the leading progressive candidate, his single-digit percent support pales against the 40-45 percent support for Lee Myung-bak and 20-25 percent support for Park Geun-hye.

VERSHBOW